

Summary Notes

RJC Standards Committee Meeting

27 September 18

Participants: Charles Chaussepied (Co-chair), Ainsley Butler (Co-chair), Phaedon Stamatopoulos, Cecilia Gardner, Jennifer Hillard, Didier Backaert, Joelle Ponnelle, Michaël Geelhand de Merxem, Michéle Bruelhart, Jennifer Horning, Claire Piroddi

RJC Management Team: Andrew Cooper (Standards Manager), Monica Staniaszek (Assurance Manager), Peter Dawkins (Standards & Assurance Coordinator)

Apologies: Anne-Marie Fleury (Standards Director), Estelle Levin-Nally, Purvi Shah

Materials circulated prior to meeting: Updated COP proposed changes, meeting slides, and minutes from previous two meetings (24th July and 13th September)

1. Opening remarks

Co-chair Ainsley Butler welcomed participants to the call and reminded them of the RJC anti-trust policy before introducing the meeting agenda. Standards Committee members were asked if they had any comments on the notes from the two previous meetings. Co-chair Ainsley Butler raised one comment regarding the extraordinary meeting notes, asking that they be updated to align with the normal format used for previous meeting notes. No other comments were raised, however due to a lack of quorum and the request for amendments, it was not possible to approve the meeting minutes at this time (note: quorum was reached later in the call). It was agreed that the minutes would instead be approved at the next Standards Committee meeting to take place in November. Phaedon Stamatopoulos from Argor-Heraeus was introduced as a new industry member of the Standards Committee, replacing Marco Quadri who resigned from the Committee earlier in the year. Phaedon introduced himself by providing some background regarding his current role and professional experience.

2. COP Review, Round 3

The Standards Manager reminded meeting participants that a new 30-day COP consultation phase will begin on the 28 September 2018, as agreed at the previous extraordinary Standards Committee meeting that took place on the 13th September. It was reiterated that this third consultation round will focus specifically on a proposed due diligence approach for the diamond supply chain. The Standards Manager confirmed that two face-to-face workshops are being planned as part of this consultation, one in Antwerp on the 16th October and another session in Mumbai later in the same month. The expert group will review the outcome of this consultation phase before then making its final recommendations to the Standards Committee in mid-November. The Standards Committee will then review and finalise the COP at a face-to-face Standards Committee meeting in January next year. One Committee member asked that the RJC ensure that the consultation includes all the important relevant stakeholders that need to be included. Co-chair Charles Chaussepied commented that the communications surrounding the consultation must also be very clear on what is expected. This point was also supported by Co-chair Ainsley Butler. The Standards Manager confirmed that the RJC were in the process of finalising the communications and outreach strategy for the round 3 consultation, and that these comments would be incorporated into this planning. A Committee member asked if the RJC will also be developing due-diligence guidance for coloured stones, as the focus is only on diamonds at the moment. The Standards Manager confirmed that guidance for implementing the due diligence provision in the coloured stones supply chain will also be provided, and that this will be shared ahead of the Standards Committee face-to-face meeting in January.

3. Proposed changes to COP since Round 2

The Standards Manager noted that updates and revisions have been made to several COP provisions since the close of round two, but that some of the more important changes are being summarised on this call to obtain initial feedback from Committee members, starting with the Human Rights and Forced Labour provisions. The Assurance Manager provided a review of the proposed updated changes to COP 6 on human rights, noting that revisions had been made to emphasise that the requirements should apply to addressing actual and potential impacts in the members supply chain, as well as their direct operations. Changes have also been made to clarify that a policy commitment to respect human rights must be endorsed at the highest level of the member's organisation. Other changes have been made to further strengthen language used in the provision to clarify expectations. A Committee member noted it will be important to clarify what 'adverse human rights impacts' are covered by this provision. Remedial activities guidance and examples should also be provided. The Standards Manager confirmed that this will indeed be covered in the COP guidance, and that the differing specific requirements and scope of COP 6 on human rights and COP X on due diligence will also be addressed. Another Committee member noted that Responsible Business Conduct Guidance should be referenced as well as OECD, in the RJC's guidance on this provision.

The Assurance Manager then provided a review of the proposed changes to COP 18 – Forced labour. It was noted that a number of changes have been made to this provision to bring it into closer alignment with recent regulation and international frameworks. One Committee member asked if COP 18.2d refers to a situation where the member has an intention to force an employee to work. The Assurance Manager confirmed that this was correct, and that guidance would be provided to clarify this in more detail for members. Co-Chair Ainsley Butler requested that this point is raised and clarified again at the next Standards Committee meeting.

The Standards Manager provided an overview of new proposed changes to COP 26.3 on undisclosed synthetic diamonds, noting that amendments had been made mainly based on feedback that had been received during the round 2 consultation workshops. This includes simplifying the language around testing (which will be covered in the guidance), clarifying that the provision applies to loose and set polished diamonds, and specifying that the testing protocol must also include the procedure used by members to manage test referrals. A Committee member asked whether the outcome of testing needs to be disclosed to the buyer on every sale. The Standards Manager noted that only the protocol should be shared with buyers, not the results of testing. Co-chair Charles Chaussepied noted that the auditor should be well trained on the effective detection equipment and their processes, so that auditing of this provision is robust. It was noted that the Diamond Producers Association (DPA) is releasing a benchmark study in late 2018 on all current detection machines and that this could provide a useful guide. A Committee member suggested that the COP guidance could include links and references to assist members looking to compare and source relevant detection equipment.

The Standards Manager noted that a new provision called 'Product consumer safety and intellectual property' had been drafted as a result of some comments received during the round 2 consultation period. It was noted that while these issues are arguably addressed in the existing legal compliance provision, it was felt that there was a case for pulling them out into a separate provision to emphasise these risks. One Committee member commented that infringement of intellectual property rights is an extremely complex topic and this should not be included in the COP. Another Committee member noted that there is an ISO standard on consumer safety, so it could be simpler to just require companies to adhere to this, rather than what is currently proposed in COP Z.1. Co-chair Charles Chaussepied suggested that since members are already expected to follow applicable

laws, this new provision may be unnecessary. Another Committee member also agreed that intellectual property rights is a very broad subject and would be difficult to implement in the COP as a standalone requirement. Co-chair Ainsley Butler asked that this be discussed again at the next Standards Committee meeting.

Actions:

- Clarify what guidance will be provided for the implementation of COP provision 18.2d at next Standards Committee meeting.
- Review case for introducing new 'Product consumer safety and intellectual property' COP provision at next Standards Committee meeting.

4. Guidance Review – Volunteers

Co-chair Ainsley Butler commented that certain provisions reference specific standards, e.g. ISO, ILO, etc. and that the expertise of the Standards Committee would be incredibly helpful when reviewing the draft guidance chapters. The Standards Manager called for volunteers to initially review the specific guidance chapters listed on slide 10 of the meeting presentation, noting that volunteer feedback would then be discussed at the face-to-face meeting in November. A number of Committee members expressed their interest in reviewing guidance chapters. Co-chair Ainsley Butler asked for a structured sign-up process for those who do volunteer to be organised. The Standards Manager confirmed that a sign-up process can be developed and circulated to members shortly.

Actions:

- RJC / Co-chairs to send out formal plan for Committee members to review specific COP draft guidance chapters.

5. Standards Committee Resignations

Felix Hruschka has now accepted a new role as President of ARM and has therefore taken the decision to step down from the Standards Committee. ARM, that holds a permanent seat on the Standards Committee, will be informing the RJC soon with regards to a suitable replacement. The Diamond Development Initiative (DDI) hold the other permanent non-industry seat and have confirmed that this will be filled by the end of 2018. Two further non-industry seats remain unfilled and the RJC will be in contact with the Standards Committee in due course with regards to filling these vacancies.

6. Next meeting & AOB

The Standards Manager confirmed that the next meeting, which is face-to-face, will take place in London on 7-8 November and that information on this will be shared shortly. Co-Chair Ainsley Butler asked that RJC review its choice of venue, noting that facilities at the last face-to-face meeting created some challenges for participants. The Standards Manager also noted that a Doodle Poll will be shared soon to select a date for the face-to-face meeting in January. Co-chair Charles Chaussepied requested that the 14-22 January be avoided if possible since there are some industry events taking place during this period.

Actions:

- RJC to share venue details for face-to-face meeting in November 2018
- RJC to share Doodle Poll for January 2019 face-to-face meeting